

RESOLUTION GRANTING THIRD ROUND SUBSTANTIVE CERTIFICATION #35-09

Peapack and Gladstone Borough, Somerset County

WHEREAS, on December 30, 2008, Peapack and Gladstone Borough, Somerset County, petitioned the Council on Affordable Housing (COAH) for substantive certification of a Housing Element and Fair Share Plan addressing its total 1987-2018 affordable housing obligation; and

WHEREAS, pursuant to N.J.S.A. 52:27D-313 and N.J.A.C. 5:96-3.5, on April 2, 2009, the Borough published notice of its petition in the *Star Ledger*, which is a newspaper of general circulation within the County; and

WHEREAS, one objection to the plan was received by COAH from Fair Share Housing Center (FSHC) during the 45-day objection period, which ended May 17, 2009; and

WHEREAS, FSHC's objection was subsequently withdrawn after discussions between the Borough and FSHC resulted in minor revisions to the Borough's Plan; and

WHEREAS, FSHC requested that the withdrawn objection be viewed as a comment, which is summarized and addressed in the COAH Compliance Report, dated August 25, 2009, (attached as Exhibit A and incorporated by reference herein); and

WHEREAS, the Borough submitted an addendum to its Fair Share Plan on August 24, 2009, which addresses FSHC's comment by changing the number of low income units in the proposed family rental development and through the inclusion of some clarifying information regarding the number of very low income units in the Borough's Plan and the status of the proposed municipally-sponsored family rental development; and

WHEREAS, subsequent to the public comment period, Eileen Swan, Executive Director, Highlands Water Protection and Planning Council, submitted a memorandum reviewing Peapack and Gladstone's plan for consistency with the Highlands Regional Master Plan (RMP), which is summarized and addressed in the August 25, 2009 Compliance Report (attached as Exhibit A and incorporated by reference herein); and

WHEREAS, Peapack and Gladstone Borough's fair share plan addresses a total 1987-2018 affordable housing obligation of 125 units, consisting of a six-unit rehabilitation share, an 82-unit prior round obligation and a 37-unit projected growth share obligation pursuant to N.J.A.C. 5:97; and

WHEREAS, COAH staff has reviewed the Borough's Housing Element and Fair Share Plan, which is incorporated by reference herein; and

WHEREAS, the Borough proposes to address its six-unit rehabilitation share by participating in the Somerset County Community Development Block Grant Housing Rehabilitation Program; and

WHEREAS, Peapack and Gladstone proposes to address its 82-unit prior round obligation with nine prior cycle credits; 18 credits and 18 rental bonuses for 18 family rental units at Lutheran Social Ministries; and a 37-unit regional contribution agreement (RCA) with Perth Amboy; and

WHEREAS, Peapack and Gladstone proposes to address a portion of its 37-unit projected growth share obligation with two credits for two family rental units at Lutheran Social Ministries; and

WHEREAS, Peapack and Gladstone Borough proposes to address its remaining projected growth share obligation of 35 units with two proposed four-bedroom group homes to be constructed on the municipally-owned Smith Property and sponsored by Bethel Ridge Corporation (Bethel Ridge); and with 18 to 20 family rental units and nine rental bonuses for a municipally-sponsored, 100% affordable development also proposed for construction on the Smith Property; and

WHEREAS, pursuant to N.J.A.C. 5:97-3.2(a)4, Peapack and Gladstone has provided an implementation schedule that sets forth a detailed timetable demonstrating a "realistic opportunity" as defined under N.J.A.C. 5:97-1.4 and a timetable for the submittal of all information and documentation required by N.J.A.C. 5:97-6 for both the proposed group homes and the proposed municipally-sponsored family rental development; and

WHEREAS, pursuant to N.J.A.C. 5:96-6.2(a)2, on August 25, 2009, COAH issued a Compliance Report (attached as Exhibit A and incorporated by reference herein) addressing the comment and memorandum to the Borough's petition and recommending approval of Peapack and Gladstone Borough's petition for third round substantive certification; and

WHEREAS, there was a 14-day period to submit comments to the COAH Compliance Report pursuant to N.J.A.C. 5:96-6.2(b) and COAH received no comments during this timeframe.

NOW THEREFORE BE IT RESOLVED that the Housing Element and Fair Share Plan submitted by Peapack and Gladstone comports to the standards set forth at N.J.S.A. 52:27D-314 and meets the criteria for third round substantive certification pursuant to N.J.A.C. 5:96-6.3; and

BE IT FURTHER RESOLVED that, pursuant to N.J.A.C. 5:97-4.1(d), all credits will be verified and validated during monitoring subsequent to substantive certification pursuant to N.J.A.C. 5:96-11; and

BE IT FURTHER RESOLVED that, pursuant to N.J.A.C. 5:96-6.2(a), after having reviewed and considered all of the above, COAH hereby grants third round substantive certification to Peapack and Gladstone Borough; and

BE IT FURTHER RESOLVED that, pursuant to N.J.A.C. 5:96-6.3(e), Peapack and Gladstone Borough shall adopt all implementing Fair Share within 45 days of receiving final substantive certification; and

BE IT FURTHER RESOLVED that within 45 days of the grant of substantive certification, the Borough shall also submit to COAH an executed copy of an "Agreement of Understanding" between Peapack and Gladstone Borough and Bethel Ridge; and

BE IT FURTHER RESOLVED that, in addition, the Borough shall adopt by resolution the approved affirmative marketing plan within 45 days of the grant of substantive certification; and

BE IT FURTHER RESOLVED that if the Borough fails to timely adopt its Fair Share Ordinances, COAH's grant of substantive certification shall be void and of no force and effect; and

BE IT FURTHER RESOLVED that Peapack and Gladstone shall submit certified copies of the adopted ordinances to COAH within seven days of adoption; and

BE IT FURTHER RESOLVED that Peapack and Gladstone shall comply with COAH monitoring requirements as set forth in N.J.A.C. 5:96-11, including reporting the Borough's actual growth pursuant to N.J.A.C. 5:97-2.5; and

BE IT FURTHER RESOLVED that, pursuant to N.J.A.C. 5:96-10.1, COAH shall conduct biennial plan evaluations upon substantive certification of Peapack and Gladstone's Housing Element and Fair Share Plan to verify that the construction or provision of affordable housing has been in proportion to the actual residential growth and employment growth in the municipality and to determine that the mechanisms addressing the projected growth share obligation continue to present a realistic opportunity for the creation of affordable housing; and

BE IT FURTHER RESOLVED that if upon any biennial review the difference between the number of affordable units constructed or provided in Peapack and Gladstone and the number of units required pursuant to N.J.A.C. 5:97-2.5 results in a prorated production shortage of 10 percent or greater, the Borough is not adhering to its implementation schedule pursuant to N.J.A.C. 5:97- 3.2(a)4, or the mechanisms addressing the projected growth share obligation no longer present a realistic opportunity for the creation of affordable housing, then the Council may direct the municipality to amend its plan to address the shortfall; and

BE IT FURTHER RESOLVED that, pursuant to N.J.A.C. 5:97-2.5(e), if the actual growth share obligation determined is less than the projected growth share obligation, Peapack and Gladstone shall continue to provide a realistic opportunity for affordable housing to address the projected growth share; and

BE IT FURTHER RESOLVED that, pursuant to N.J.A.C. 5:96-6.3(b), Peapack and Gladstone's substantive certification shall remain in effect until December 30, 2018; and

BE IT FURTHER RESOLVED that any changes to the facts upon which this substantive certification is based or any deviations from the terms and conditions of this substantive certification which affect the ability of Peapack and Gladstone Borough to provide for the realistic opportunity of its fair share of low- and moderate-income housing and which the Borough fails to remedy, may render this certification null and void.

I hereby certify that this resolution was
duly adopted by the Council on Affordable
Housing at its public meeting on September 9, 2009

A handwritten signature in black ink, reading "Reneé Reiss". The signature is written in a cursive style with a large, looping initial "R".

Reneé Reiss, Secretary
Council on Affordable Housing



***Council on Affordable Housing
Compliance Report
August 25, 2009***



Municipality: Peapack and Gladstone Borough
County: Somerset

COAH Region: 3

Planning Area: 5

Special Resource Area: Highlands Planning Area

Housing Element and Fair Share Plan Adopted: December 10, 2008

Petition for 3rd Round Substantive Certification: December 30, 2008

Completeness Determination: March 30, 2009

Date of Publication: April 2, 2009

Objections Received: Fair Share Housing Center, May 18, 2009

Objections Withdrawn: Fair Share Housing Center, July 8, 2009

Petition Includes:

VLA: No

GPA: No

Waiver: No

Date of Site Visit: 8/26/09

History of Approvals:

	COAH	JOC	N/A
First Round:	1/9/89		
Second Round:	1/10/96		
Extended Certification:	3/9/05		

Plan Preparer: Richard T. Coppola, Coppola & Coppola Associates

Municipal Housing Liaison: Margaret Gould, Clerk/Administrator

Recommendation: Grant Substantive Certification

SUMMARY OF FAIR SHARE OBLIGATION

Rehabilitation Share	6
Prior Round Obligation	82
Projected Growth Share Obligation	37

ACTUAL GROWTH and GROWTH SHARE through September, 2008¹

Res Units (#)	Actual Res Growth Share	Jobs (#)	Actual Non-Res Growth Share	Actual TOTAL Growth Share
7	1.4 units	25	1.6 units	3 units

COMPLIANCE PLAN SUMMARY

Obligation	Credit/ Mechanism Type	# Units Completed	# Units Proposed	TOTAL
Rehabilitation: 6 units				
Program	Somerset County Rehabilitation Program		6	6
Rehabilitation Subtotal				6
NEW CONSTRUCTION:				
Prior Round: 82 units				
Credits	Prior Cycle	9		9
	Post-1986	18		18
	RCA	37		37
Prior Round Bonus(es)	Rental	18		18
Prior Round Subtotal				82

¹ This growth share number does not take into account allowable exclusions permitted under N.J.A.C. 5:97-2.4; therefore, the actual growth share may vary.

Growth Share: 37 units				
Credits	Post-1986	2		2
Proposed Mechanism(s)	Supportive/Special Needs Housing		8	8
	Municipally Sponsored/100% Affordable.		18*	18*
Growth Share Bonus(es)	Rental	9		9
Growth Share Subtotal				37
Surplus/Shortfall				0*

*The municipally sponsored 100% affordable rental project will produce 18 to 20 units, depending on economies of scale and other optimum site design factors. If 20 units are constructed, the Borough's plan will result in a two-unit surplus.

I. HOUSING ELEMENT

Pursuant to N.J.S.A. 40:55D-28(b), the Housing Element is a required section of the Municipal Master Plan. The Housing Element must be designed to achieve the goal of access to affordable housing to meet existing and future housing needs, with special attention given to low- and moderate-income households. The housing needs analysis must include demographic information on existing and projected housing stock and employment characteristics, a quantification of low- and moderate-income housing need, and a consideration of the lands within the municipality that are most appropriate to accommodate such housing. Peapack and Gladstone Borough's Housing Element includes sufficient information regarding housing stock, demographic and employment characteristics and population trends pursuant to N.J.S.A. 52:27D-310.

Under N.J.A.C. 5:97-2.1(b), the Housing Element must also set forth the municipality's affordable housing fair share obligation, which is the sum of the rehabilitation share, the prior round obligation and the growth share.

A. Rehabilitation Share

The rehabilitation share is the number of existing housing units within a municipality as of April 1, 2000, that are both deficient and occupied by households of low or moderate income. As indicated in Appendix B of N.J.A.C. 5:97, Peapack and Gladstone has a rehabilitation share of six units.

B. Prior Round Obligation

The prior round obligation is the cumulative 1987-1999 new construction obligation provided in Appendix C of N.J.A.C. 5:97. Peapack and Gladstone has a prior round obligation of 82.

C. Projected Growth Share

The projected growth share is initially calculated based on household (residential) and employment (non-residential) 2004-2018 projections. Pursuant to Appendix F of N.J.A.C. 5:97, Peapack and Gladstone has a residential projection of 105 units and a non-residential projection of 261 jobs, which results in an initial projected growth share obligation of 37 affordable units consisting of a 21-unit projected residential growth share and a 16.3-unit projected non-residential growth share.²

SUMMARY OF FAIR SHARE OBLIGATION

Rehabilitation Share	6
Prior Round Obligation	82
Projected Growth Share Obligation	37

² Pursuant to N.J.A.C. 5:97-2.2(d), Peapack and Gladstone's residential projection of 105 is divided by 5 to yield 21.0 units and the non-residential projection of 261 jobs is divided by 16 to yield 16.3 units. Peapack and Gladstone's total projected growth share is therefore 37 units (21 + 16.3).

II. FAIR SHARE PLAN

A Fair Share Plan, as required under N.J.A.C. 5:97-3.1, describes the completed or proposed mechanisms and funding sources, if applicable, that will be utilized to specifically address a municipality's rehabilitation share, prior round obligation, and growth share obligation and includes the draft ordinances necessary to implement that plan. Affordable housing must be provided in direct proportion to the growth share obligation generated by the actual growth.

Peapack and Gladstone Borough petitioned COAH for substantive certification on December 30, 2008. During the 45-day comment period, the Borough received an objection from Fair Share Housing Center (FSHC) (See Section V, Summary of Comments). The objection was subsequently withdrawn after discussions between the Borough and FSHC resulted in some minor revisions to the Borough's Plan. Consequently, the Borough submitted an addendum to its Fair Share Plan on August 24, 2009. (Addendum attached as Appendix A) Peapack and Gladstone's Fair Share Plan, as reconfigured by the August 24th Addendum, and the supporting documentation incorporated by reference therein, address the requirements of N.J.A.C. 5:97-3.1 as follows:

A. Plan to Address Rehabilitation Share

Rehabilitation Share Credits

Peapack and Gladstone's Housing Element and Fair Share Plan does not include a request for rehabilitation credit.

Proposed Rehabilitation Program

Somerset County Rehabilitation Program

Peapack and Gladstone Borough proposes to rely on the Somerset County Community Development Block Grant (CDBG) Housing Rehabilitation Program to address its six-unit rehabilitation obligation, as evidenced by a participation letter dated January 6, 2009, from the Somerset County Community Development Office. The program provides up to \$18,000 of rehabilitation assistance in the form of depreciating ten-year liens and is available to income-eligible, owner-occupants of single family

homes, townhouses, and condominiums. In the case of multi-family dwellings, both the owner and tenant must be income-eligible, and the rental units must be offered at an affordable rent.

The program is funded by a grant from the U.S. Department of Housing and Urban Development (HUD). The Borough has also earmarked \$60,000 of revenue from its affordable housing trust fund to support the program. In addition, on March 24, 2009, the Borough adopted a resolution of intent to appropriate funds or bond in the event of a funding shortfall.

The Borough has provided a schedule for the rehabilitation program in its spending plan, which anticipates that the six units would be completed by 2015, at a rate of approximately one rehabilitation per year.

Proposed Rehabilitation Program

Rehabilitation Program	# Units
Somerset County Rehabilitation Program	6
TOTAL	6

B. Plan to Address Prior Round Obligation

Prior Round Obligation Credits

Peapack and Gladstone is addressing its prior round obligation with nine prior cycle credits, 18 post-1986 credits, 18 rental bonuses, and 37 completed RCA units. In accordance with N.J.A.C. 5:97-4.1(d), all credits will be verified and validated during monitoring subsequent to substantive certification pursuant to N.J.A.C. 5:96-11.

Prior Cycle Credits

Project/Development Name	Year Built	Type of Affordable Unit	# Units/Bedrooms
St. Luke's Senior Housing	1985	Age-Restricted Rental	9
TOTALS			9

Post-1986 Credits

Project/Development Name	Year Built or Approved	Type of Affordable Unit	# Units/Bedrooms	Bonus Type	# Bonuses	Total Units/Bedrooms + Bonuses
Lutheran Social Ministries	2000	Family Rentals	18	Rental	18	36
RCA with Perth Amboy	1995	Scattered Site Rehabilitation/Gut Rehabilitation	37	-	-	37
TOTALS			55		18	73

Proposed Affordable Housing Mechanisms

Peapack and Gladstone is relying on credits and therefore is not proposing any additional affordable housing mechanisms to address its prior round obligation.

Prior Round Obligation Parameters

Peapack and Gladstone has satisfied the applicable Prior Round parameters as follows:

Prior Round Rental Obligation:³ 18 Units

Development/Project Name	Type of Affordable Unit	# Units
Lutheran Social Ministries	Family Rental	18
TOTAL		18

Regional Contribution Agreement (RCA) Maximum⁴: 39 Units

Receiving Municipality(s)	Type of Affordable Unit	# Units
RCA with Perth Amboy	Scattered Site Rehabilitation/Gut Rehabilitation	37
TOTAL		37

Prior Round Rental Bonus Maximum⁵: 18 Units

Development/Project Name	Type of Bonus	# Bonuses
Lutheran Social Ministries	Family Rental	18
TOTAL		18

C. Plan to Address Projected Growth Share

Growth Share Obligation Credits

Peapack and Gladstone Borough is addressing a portion of its 37-unit projected growth share obligation with two units of credit. In accordance with N.J.A.C. 5:97-

³ Rental Obligation: $.25 (\text{Prior Round Obligation} - \text{Prior Cycle Credits}) = .25(82 - 9) = .25(73) = 18.25$ or 18 N.J.A.C. 5:97-3.10(b)1

⁴ RCA Maximum: $.5(\text{Prior Round Obligation} + \text{Rehabilitation Share} - \text{Prior Cycle Credits} - \text{Rehabilitation Credits}) = .5(82 + 6 - 9 - 0) = .5(79) = 39.50$ or 39 N.J.A.C. 5:97-3.10(d)1 **Note:** A prior round RCA maximum of 37 units was established in the Township's 2nd Round Compliance Plan.

⁵ No rental bonuses shall be granted for rental units in excess of the prior round rental obligation, therefore, PR Rental Bonus Maximum = PR Rental Obligation N.J.A.C. 5:97-3.5

4.1(d), all credits will be verified and validated during monitoring subsequent to substantive certification pursuant to N.J.A.C. 5:96-11.

Post-1986 Credits

Project/Development Name	Year Built or Approved	Type of Affordable Unit	# Units/Bedrooms	Bonus Type	# Bonuses	Total Units/Bedrooms + Bonuses
Lutheran Social Ministries	2000	Family Rentals	2	-	-	2
TOTALS			2		-	2

Proposed Affordable Housing Mechanisms

Peapack and Gladstone Borough proposes to address the remainder of its 37-unit growth share obligation through the following mechanisms:

Bethel Ridge Group Home

Peapack and Gladstone has been partnering with Bethel Ridge Corporation (“Bethel Ridge”) to sponsor the development of two four-bedroom group homes to address eight units of the Borough’s projected growth share obligation. The Borough acquired “The Smith Property” at 15 Apgar Avenue (Block 20, Lot 1.03) on December 15, 2005. Bethel Ridge, incorporated in 1991 as a not-for-profit, non-denominational corporation providing comprehensive community-based support for adults with development disabilities, will construct two group homes on a subdivided lot consisting of approximately 1.26 acres of the 3.216-acre site. The remaining two acres are to be used for the construction of a municipally-sponsored 100% affordable family rental development (see below). Included in the Borough’s Fair Share Plan is a conceptual site plan for the project, which has been approved by the New Jersey Department of Developmental Disabilities.

In a letter dated August 22, 2006, the Executive Director of Bethel Ridge, James Indelicato, confirmed the provider’s intent to develop a residential program in Peapack and Gladstone. Subsequently, Bethel Ridge provided information specific to the group home proposal on the Smith Property and Bethel Ridge’s experience in developing and

funding similar special needs projects. Bethel Ridge is currently working with Monarch Housing Associates (Monarch) on this project. Monarch is a not-for-profit housing consulting firm that assists other agencies in developing permanent supportive housing. In its first fifteen years, Monarch has secured \$100,000 in funding and developed housing for over 1,549 people with special needs.

The Smith property is within the “R-18” residential zoning district, which permits single-family detached dwellings on 18,000 s.f. lots. The proposed group homes would be permitted within the zone pursuant to Ordinance No. 912, adopted June 24, 2008, which permits the construction of affordable housing on Borough-owned lands. The site is within the Borough’s sewer service area. Both public sanitary sewer and public water mains are located within Apgar Avenue, which provides access to the property, and there is adequate sewer and water capacity available to service the proposed affordable housing units. A sewer force main is located within an easement that runs along the western and southern property lines. The site’s only environmental constraint is a Special Water Resource Protection Area (SWRPA), located in a relatively small portion of the eastern end of the property. The concept plan illustrates that the proposed group homes and family rental development would not impact the SWRPA.

In its proposed spending plan, the Borough has allocated \$240,000 of affordable housing trust funds toward land acquisition, design costs, and a possible construction subsidy for the Bethel Ridge development. However, should a shortfall occur, Peapack-Gladstone has adopted a resolution committing to make up for any shortfall in funding through municipal appropriations or bonding.

The Borough has provided an implementation schedule that sets forth a detailed timetable demonstrating a “realistic opportunity” as defined under N.J.A.C. 5:97-1.4 and a timetable for the submittal of all information and documentation required by N.J.A.C. 5:97-6.10. The Borough’s mechanism checklist form includes a timetable for each step of the development process in accordance with N.J.A.C. 5:97-6.10(e), with certificates of occupancy being issued in 2013, which requires that supporting documentation be submitted to COAH two years prior, in 2011. On July 28, 2009, the Borough interviewed three architects for the design of the group home development and is awaiting receipt of

proposals from each. Peapack and Gladstone has also drafted a “Preliminary Agreement of Understanding” which outlines the responsibilities of the Borough and Bethel Ridge, respectively. An agreement between the Borough and Bethel Ridge must be executed within 45 days of substantive certification. **[8 supportive/special needs bedrooms]**

Municipally Sponsored Family Rental/Smith Property

Peapack and Gladstone will rely on an 18 to 20-unit municipally sponsored family rental project and nine bonuses to address its remaining projected growth share obligation. As noted above, the proposed development will be located on the two acres resulting from the subdivision of the Smith Property. The Borough intends to partner with a not-for-profit developer to construct the units and to initiate the Request for Proposals (RFP) process in 2012. The ultimate number of units constructed will depend on economies of scale and other factors relating to optimum site design. A minimum of 18 units are required to address the Borough’s remaining projected growth share obligation.

The Borough has provided an implementation schedule that sets forth a detailed timetable demonstrating a “realistic opportunity” as defined under N.J.A.C. 5:97-1.4 and a timetable for the submittal of all information and documentation required by N.J.A.C. 5:97-6.7. The Borough’s mechanism checklist form includes a timetable for each step of the development process in accordance with N.J.A.C. 5:97-6.7(d), with certificates of occupancy being issued in 2014, which requires that supporting documentation be submitted to COAH two years prior, in 2012.

The Borough’s proposed spending plan allocates \$600,000 of affordable housing trust funds for land purchase, design costs, and a possible construction subsidy for the proposed development. However, should a shortfall occur, Peapack-Gladstone has adopted a resolution committing to make up for any shortfall in funding through municipal appropriations or bonding. Peapack-Gladstone has taken steps to expedite the construction of the family rental project, including requesting permission from COAH to utilize affordable housing trust funds to fund the demolition of the existing house on the property. As noted above, a concept plan for the Smith Property was submitted with the Borough’s petition for substantive certification.

The August 24th Addendum indicates that the proposed family rental development, depending on the ultimate number of units, will include 7 or 8 low income units and 10 or 11 moderate units. In either case, the development will include three very low income units. **[18 or 20 family rental units + 9 rental bonuses]**

Proposed Growth Share Affordable Housing Mechanisms

Type/Name of Affordable Housing Mechanism	Type of Affordable Unit	# Units/Bedrooms	Bonus Type	# Bonuses	Total Units/Bedrooms + Bonuses
Bethel Ridge Group Homes (2)	Special Needs	8 bedrooms	-	-	8
Smith Property – Municipally Sponsored 100% Affordable	Family Rental	18*	Rental	9	27
TOTALS		26		9	35

*The municipally sponsored 100% affordable rental project will produce 18 to 20 units, depending on economies of scale and other optimum site design factors. If 20 units are constructed, the Borough's plan will result in a two-unit surplus.

Growth Share Parameters

Peapack and Gladstone Borough has satisfied the applicable Growth Share parameters as follows:

Growth Share Rental Obligation:⁶ 10 Units

Development/Project Name	Type of Affordable Unit	# Units
Lutheran Social Ministries	Family Rental	2
Bethel Ridge Group Homes (2)	Special Needs	8
Smith Property – Municipally Sponsored/100%	Family Rental	18
TOTAL		28

⁶ Projected Growth Share Rental Obligation: .25(Projected Growth Share) or .25(37) = 9.25 or 10 units
N.J.A.C. 5:97-3.10(b)3

Growth Share Family Rental Requirement:⁷ 5 Units

Development/Project Name	Type of Affordable Unit	# Units
Lutheran Social Ministries	Family Rental	2
Smith Property – Municipally Sponsored/100%	Family Rental	18
TOTAL		20

Growth Share Minimum Family Requirement:⁸ 14 Units

Development/Project Name	Type of Affordable Unit	# Units
Lutheran Social Ministries	Family Rental	2
Smith Property – Municipally Sponsored/100%	Family Rental	18
TOTAL		20

Very Low Income Minimum Requirement:⁹ 4 Units

Development/Project Name	Type of Affordable Unit	# Units
Smith Property – Municipally Sponsored/100%	Family Rental	3
Bethel Ridge Group Homes (2)	Special Needs	8
TOTAL		11

⁷ Projected Growth Share Family Rental Requirement: .5(Projected Growth Share Rental Requirement) or .5(10)= 5 units N.J.A.C. 5:97-3.4(b)

⁸ Projected Growth Share Family Requirement: .5(Units Addressing the Growth Share Obligation) or .5(28) = 14 units N.J.A.C. 5:97-3.9

⁹ Growth Share Very Low Income Requirement: .13(Units Addressing the Growth Share Obligation) or .13(28) = 3.6 or 4 units pursuant to P.L.2008, c.46

Bonus Maximum:¹⁰ 9 Bonuses

Development/Project Name	Type of Bonus	# Bonuses
Smith Property – Municipally Sponsored/100%	Family Rental	9
TOTAL		9

Actual Growth Share Obligation

The actual growth share obligation will be based on permanent certificates of occupancy issued within the municipality for market-rate residential units and newly constructed or expanded non-residential developments in accordance with Appendix D of N.J.A.C. 5:97. At plan evaluation review pursuant to N.J.A.C. 5:96-10, COAH will compare the actual growth share obligation with the actual number of affordable units constructed.

The New Jersey Department of Community Affairs (NJ DCA) *Construction Reporter* indicates that between January 1, 2004 and September 2008, Peapack and Gladstone Borough issued certificates of occupancy for seven housing units and for the non-residential square footage equivalent of 25 jobs, yielding an actual growth share obligation through September 30, 2008, of three affordable units.¹¹

D. Summary of Plan to Address Fair Share Obligation

REHABILITATION SHARE SUMMARY

Rehabilitation Share: 6 Units

Program Name	# Units
Somerset County Rehabilitation Program	6
TOTAL	6

¹⁰ Projected Bonus Maximum: .25(Projected Growth Share) or .25(38) = 9.5 or 9 units N.J.A.C. 5:97-3.20

¹¹ The number of residential COs (7) is initially divided by 5 to yield 1.4 units and the number of jobs (25) is initially divided by 16 to yield 1.6 units. Peapack-Gladstone's total actual growth share is therefore 3 units (1.4 + 1.6). **Note:** This number does not take into account allowable exclusions permitted under N.J.A.C. 5:97-2.4; therefore, the actual growth share may vary.

PRIOR ROUND SUMMARY
Prior Round Obligation: 82 Units

	Name of Mechanism	# Units/ Bedrooms	Bonus Type	# Bonuses	Total Units/Bedrooms + Bonuses
Prior Cycle Credits	St. Luke's Senior Housing	9			9
Post-1986 Credits	Lutheran Social Ministries	18	Rental	18	36
	RCA with Perth Amboy	37	---	---	37
Subtotal		64		18	
TOTAL					82

GROWTH SHARE SUMMARY
Projected Growth Share Obligation: 37 Units

	Name of Mechanism	# Units/ Bedrooms	Bonus Type	# Bonuses	Total Units/Bedrooms + Bonuses
Post-1986 Credits	Lutheran Social Ministries	2	---	---	2
Proposed Mechanisms	Bethel Ridge Group Homes (2)	8 (bedrooms)	---	---	8
	Smith Property – Municipally Sponsored/100%	18*	Rental	9	27
Subtotal		28		9	
TOTAL					37
Surplus/Shortfall					0*

*The municipally sponsored 100% affordable rental project will produce 18 to 20 units, depending on economies of scale and other optimum site design factors. If 20 units are constructed, the Borough's plan will result in a two-unit surplus.

III. FAIR SHARE DOCUMENT REVIEW

A. Development Fee Ordinance

Peapack and Gladstone's certified plan included a development fee ordinance that was approved by COAH on October 1, 1996, and adopted by the Borough on November 26, 1996. COAH granted Peapack and Gladstone approval of an amendment to its development fee ordinance on July 20, 2005. The Borough subsequently adopted Resolution No. 106-08 on October 30, 2008, requesting COAH's review of a development fee ordinance amendment based on COAH's model. COAH received the resolution and amendment (Ord. No. 917) on November 10, 2008. The amended development fee ordinance was approved on December 24, 2008.

B. Third Round Spending Plan

A third round spending plan was submitted by Peapack and Gladstone with the Borough's third round petition for COAH's review and approval. The spending plan will be reviewed by COAH in a separate report.

C. Affordable Housing Ordinance/Affordable Housing Administration

Peapack and Gladstone Borough has an adopted affordable housing ordinance for its prior round obligation. The Borough has submitted a revised draft affordable housing ordinance that comports with the requirements of the Uniform Housing Affordability Controls (UHAC), N.J.A.C. 5:80-26.1 et seq., which was amended on December 20, 2004. The draft proposed ordinance has also been amended to comply with the barrier free subcode of the State Uniform Construction Code Act (N.J.S.A. 52:27D-119 et seq.) and the accessibility requirements of N.J.S.A. 52:27D-123.15. The draft ordinance must be adopted within 45 days of COAH's grant of substantive certification and submitted to COAH immediately upon adoption.

An ordinance establishing the position of a municipal housing liaison was adopted by the Borough on September 12, 2006. Resolution No. 105-06 appointing Margaret J. Gould, Borough Clerk/Administrator, as municipal housing liaison was adopted on August 22, 2006.

Peapack and Gladstone Borough is responsible for the continued re-sale and re-rental of existing affordable units and the initial sale and rental of newly constructed affordable units within the Borough and must identify an experienced administrative entity for that purpose by contract, agreement or letter. In addition, pursuant to N.J.A.C. 5:80-26.14(b), Peapack and Gladstone must submit a written operating manual for administering affordable units within the Borough. For the municipally-sponsored family rental project, this information must be submitted prior to marketing the completed units. Bethel Ridge must submit the appropriate documentation once the facility is put into service. The Borough has identified Sally Holzapfel as the administrative agent for St. Luke's Village; however, COAH does not yet have an operating manual on file for this facility. Lutheran Social Ministries is administered as a Low Income Housing Tax Credit (LIHTC) project.

D. Affirmative Marketing Plan

Peapack and Gladstone Borough has submitted a draft affirmative marketing plan that comports with the requirements of the UHAC and ensures the units in the Borough's 1987-2018 Fair Share Plan and all future affordable housing units will be affirmatively marketed to the region upon initial sale/rental and re-sale/re-rental. Once approved by COAH, the affirmative marketing plan must be adopted by resolution by the Borough within 45 days of COAH's grant of substantive certification and submitted to COAH.

IV. MONITORING

Peapack and Gladstone Borough must comply with COAH monitoring requirements as set forth in N.J.A.C. 5:96-11, including reporting the municipality's actual growth pursuant to N.J.A.C. 5:97-2.5. As indicated above, credits for built units will be validated and verified by COAH staff during monitoring prior to the first biennial plan evaluation. It should be noted that credits for affordable housing programs and/or affordable units must be in compliance with N.J.A.C. 5:97-4. If the units are determined not to be eligible for credit, COAH will notify Peapack and Gladstone in writing and the Borough may be directed to amend its certified plan to address the shortfall.

Pursuant to N.J.A.C. 5:96-10.1, COAH will conduct biennial plan evaluations upon substantive certification of Peapack and Gladstone's Housing Element and Fair Share Plan. The purpose of the plan evaluation is to verify that the construction or provision of affordable housing has been in proportion to the actual residential growth and employment growth in the municipality and to determine that the mechanisms addressing the projected growth share obligation continue to present a realistic opportunity for the creation of affordable housing. If upon any biennial review the difference between the number of affordable units constructed or provided in Peapack and Gladstone and the number of units required pursuant to N.J.A.C. 5:97-2.5 results in a pro-rated production shortage of 10 percent or greater, the Borough is not adhering to its implementation schedule pursuant to N.J.A.C. 5:97- 3.2(a)4, or the mechanisms addressing the projected growth share obligation no longer present a realistic opportunity for the creation of affordable housing, the Council may direct the municipality to amend its plan to address the shortfall.

V. SUMMARY OF COMMENTS

Fair Share Housing Center

On May 18, 2009, Kevin D. Walsh, Esq., submitted an objection to Peapack and Gladstone's Housing Element and Fair Share Plan (HEFSP) on behalf of the Fair Share Housing Center (FSHC). The objection was subsequently withdrawn after discussions between the Borough and FSHC resulted in some minor revisions to the Borough's Plan. FSHC requested that its objection be viewed as a comment.

FSHC noted two concerns about Peapack and Gladstone's Housing Element and Fair Share Plan: first, that the Borough fails to comply with the requirements regarding very low income family housing; and second, that the Borough has not provided a firm commitment for the construction of affordable rental units that is a required prerequisite to an upfront claim for rental bonuses under the COAH rules.

The Borough responded to FSHC's concerns with some additional clarifying information as well as an addendum to the plan. The addendum indicates that all eight of

the proposed Bethel Ridge group home units would be occupied by very low income individuals and that three of the proposed affordable family units on the Smith Property would also be reserved for very low income households. In addition, the number of low income units in the family rental development would be increased from three to seven (or six if only 18 family units are constructed) to meet the low and moderate income split required under the Uniform Housing Affordability Controls (N.J.A.C. 5:80-26.3(a)) and COAH's rules (N.J.A.C. 5:97-3.3(a)).

With regard to the firm commitment required for the granting of rental bonuses, the Borough states that it has taken steps to expedite the construction of both the proposed group homes and the family rental project on the Borough-owned Smith Property. Specifically, Peapack and Gladstone has sought approval from COAH to use affordable housing trust funds to fund the demolition of the existing house on the property. The Borough is revising its spending plan to include this expenditure and to address other necessary revisions required by COAH.

Highlands Water Protection and Planning Council

On August 21, 2009, COAH received a memorandum from Eileen Swan, Executive Director, Highlands Water Protection and Planning Council, commenting on Peapack and Gladstone Borough's proposed Fair Share Plan. Specifically, the Highlands Council reviewed the Borough-owned Smith Property for consistency with the Highlands Regional Master Plan (HRMP).

The memorandum describes the characteristics of the Smith Property and outlines the relevant goals, policies, and objectives in the HRMP. The review concludes that:

"...the proposed compliance mechanisms for COAH's projected Growth Share Obligation have no Highlands Regional Master Plan (RMP) consistency issues based on the currently available information. However, it must be determined if the project will require the issuance of a Water Allocation Permit. If a Water Allocation Permit is required then the project will be required to be consistent with the RMP."

COAH notes that according to the HRMP, ground or surface water withdrawals of 100,000 gallons per day (“gpd”) in the Planning Area or 50,000 gpd in the Preservation Area require water allocation permits. With typical water usage of approximately 150 to 300 gpd for multi-family units and 300 gpd for single-family units, a 20-unit rental development and two 4-bedroom group homes are not expected to exceed this threshold. It should be noted, however, that the Smith Property, as any affordable housing site, must be developed in a manner consistent with the rules or regulations of all agencies with jurisdiction over the site.

VI. RECOMMENDATION

COAH staff recommends that Peapack and Gladstone Borough be granted third round substantive certification. The Borough must adopt all necessary implementing ordinances within 45 days of the grant of substantive certification and submit certified copies of the adopted ordinances to COAH within seven days of the adoption. Also within 45 days of substantive certification, the Borough must submit to COAH an executed copy of the “Agreement of Understanding” between Peapack and Gladstone and Bethel Ridge.